

Message Text

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C O N F I D E N T I A L LA PAZ 3246

EXDIS

FOR ASSISTANT SECRETARY KATZ

E.O. 11652: GDS
TAGS: EGEN, BL
SUBJECT: GSA TIN SALES

1. IT WOULD BE MOST HELPFUL IF YOU COULD GIVE ME FROM TIME
TO TIME YOUR ASSESSMENT OF THE STATE OF CONGRESSIONAL
CONSIDERATION OF LEGISLATION TO AUTHORIZE GSA TIN SALES.

2. THE US, THE GSA AND I CONTINUE TO BE BOILED IN OIL DAILY
ON THE FRONT PAGES OF BOLIVIAN NEWSPAPERS AND THIS WILL
CONTINUE AT LEAST UNTIL JULY. NEEDLESS TO SAY, I AM CONTRIBUT-
ING AS LITTLE AS POSSIBLE TO THIS PUBLIC HUE AND CRY. HOWEVER,
IN MY PRIVATE CHATS WITH A FEW SOPHISTICATED MEMBERS OF THE
CURRENT GOVERNMENT AND WITH THE LEADING CANDIDATES FOR JULY
PRESIDENTIAL ELECTIONS, I HAVE AN OPPORTUNITY TO SETTLE DOWN
SOME OF THE PEOPLE WHO WILL BE RUNNING THE NEW GOVERNMENT.

3. DON'T LOOK FOR ANY CHANGE IN BOLIVIA'S FLAT OPPOSITION TO
GSA SALES BEFORE A NEW GOVERNMENT TAKES OFFICE--IF THEN.
BEHIND THIS FLAT OPPOSITION IS NOT ONLY INCREDIBLY HIGH AND
RAPIDLY RISING COSTS OF TIN PRODUCTION IN BOLIVIA AND THE
GOVERNMENT'S NEED TO COVER INEFFICIENT MANAGEMENT OF COMIBOL
WITH THE HIGHEST POSSIBLE PRICES, BUT ALSO BANZER'S DESIRE
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TO KEEP THE TIN SALES ISSUE HOT AS PART OF A CASE TO
POSTPONE ELECTIONS IF THE MILITARY GIVES HIM AN OPENING TO
TRY THIS.

4. IN OUR BILATERAL CONVERSATIONS WITH BOLIVIANS, THE BEST
STANCE FOR US TO TAKE UNDER THESE CIRCUMSTANCES SEEMS TO
ME TO BE THE FOLLOWING:

--THE PRESIDENT HAS ASSURED THE GOB OF CONSULTATIONS AND
AVOIDANCE OF DISRUPTION

--WE WILL CARRY OUT THESE CONSULTATIONS WHEN THE CONGRESS
HAS AUTHORIZED SALES.

--IN THOSE CONSULTATIONS WE WILL CONSIDER AND RESPOND TO
THE GOB'S REQUEST TO POSTPONE SALES UNTIL 1979. (IT WOULD BE
A MISTAKE TO SAY NOW THAT THIS REQUEST IS OUT OF BOUNDS.)
THE DELAY INVOLVED IN THIS POSITION IS TOLERABLE HERE AS LONG
AS THE TIN PRICE STAYS AROUND \$5 PER POUND. IF THE PRICE
FALLS MUCH BELOW THAT, CONTAINABLE INDIGNATION HERE WILL BECOME
VERY TROUBLESOME POLITICALLY AND WE MAY HAVE TO TRY SOMETHING
ELSE.

5. MY IDEAL PREFERENCE WOULD STILL BE PUBLIC CLARIFICATION
NOW OF HOW THE ADMINISTRATION WOULD USE SALES AUTHORITY (A
REGULAR MONTHLY SALES RATE) BUT I GATHER THIS CANNOT BE DONE
BECAUSE OF DISARRAY IN CONGRESSIONAL CONSIDERATION OF VARIOUS
SALES BILLS.

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